

## Message Text

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PAGE 01 LONDON 03254 281627Z

ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 STRE-00 OIC-02

AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00

USIA-06 SP-02 SOE-02 OMB-01 DOE-11 /129 W

-----063967 281652Z /46

P R 281610Z FEB 78

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 3622

INFO AMEMBASSY TOKYO

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

C O N F I D E N T I A L LONDON 03254

DEPARTMENT ALSO PASS STR ELECTRONICALLY

USEEC ALSO FOR EMBASSY

USMTN ALSO FOR MISSION

E.O.11652: XGDS-1

TAGS: ETRD, GATT, UK, JA

SUBJECT: JAPANESE CAR EXPORTS TO THE UK

REF: (A) LONDON 2626; (B) LONDON 2497; (C) TOKYO 3244

SUMMARY. THE UK GOVERNMENT APPEARS TO BE CLOSE TO SECUR

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PAGE 02 LONDON 03254 281627Z

ING FIRMER ASSURANCES FROM JAPAN THAT JAPANESE CAR SALES

WILL BE HELD ROUGHLY TO 10 PERCENT OF THE BRITISH MARKET

IN 1978. THE SITUATION IS NOT YET ENTIRELY CLEAR, AND

IT REMAINS TO BE SEEN WHETHER THE UNDERSTANDING NOW BEIN

DISCUSSED IN TOKYO WILL GO FAR ENOUGH TO SATISFY THE UK

GOVERNMENT AND REDUCE THE IMMEDIATE POLITICAL PRESSURES

ON IT TO TAKE SOME ACTION CONTROLLING JAPANESE CAR

IMPORTS. END SUMMARY.

1. AS WE HAVE REPORTED IN EARLIER MESSAGES, THE UK GOVERNMENT HAS BEEN UNDER GROWING PRESSURE TO TAKE STEPS TO ENSURE THAT IMPORTS OF JAPANESE CARS DO NOT INCREASE SIGNIFICANTLY OVER THE 1977 MARKET SHARE LEVEL.

IN THE MOST RECENT ESCALATION OF PRESSURE ON JAPAN, THE BRITISH AMBASSADOR IN TOKYO WAS SENT IN LAST WEEK TO TELL JAPANESE MINISTERS THAT THE RATHER LOOSE COMMITMENTS OFFERED PRIVATELY BY JAPANESE CAR MANUFACTURERS WERE INADEQUATE AND THE UK GOVERNMENT NEEDED A FIRMER AND MORE PUBLIC COMMITMENT. WE UNDERSTAND FROM DEPUTY SECRETARY JOHN STEELE AT THE DEPARTMENT OF TRADE THAT SINCE THIS MEETING THERE HAS BEEN CONSIDERABLE DEBATE WITHIN THE JAPANESE GOVERNMENT ON HOW MUCH CAN BE DONE AND HOW MUCH OF THAT CAN BE MADE PUBLIC.

2. STEELE TOLD EMBASSY E/C MINISTER TODAY (FEBRUARY 28) THAT BRITAIN AND JAPAN ARE CLOSE TO REACHING RESULTS OF SOME KIND, BUT THAT IT IS NOT YET CERTAIN IF BRITAIN WILL GET A SUFFICIENTLY FIRM COMMITMENT ON THE 10 PERCENT. HE UNDERLINED, AS ROBIN GRAY DID RECENTLY, THAT EDMUND DELL NEEDS TO HAVE SUCH A COMMITMENT THAT CAN BE PUBLICLY ANNOUNCED IN PARLIAMENT. THE POLITICAL TIMING IS GETTING TIGHT SINCE FEBRUARY CAR SALES FIGURES ARE DUE OUT WITHIN A WEEK AND MAY SHOW JAPANESE IMPORTS TAKING 13 PERCENT OF THE MARKET AS THEY DID IN JANUARY.

CONFIDENTIAL

PAGE 03 LONDON 03254 281627Z

ING 13 PERCENT OF THE MARKET AS THEY DID IN JANUARY.

3. THE FORM IN WHICH THE DESIRED JAPANESE COMMITMENT MIGHT COME IS UNCLEAR. THE UK GOVERNMENT CONTINUES ITS PREFERENCE FOR VOLUNTARY INDUSTRY-TO-INDUSTRY ARRANGEMENTS RATHER THAN OMA-TYPE AGREEMENTS WITH DIRECT GOVERNMENT INVOLVEMENT. GIVEN THE APPARENT INABILITY OF THE RESPECTIVE INDUSTRIES TO COME TO TERMS, HOWEVER, AN OFFICIAL JAPANESE GOVERNMENT STATEMENT OF "INTERPRETATION" OR "EXPECTATION" ABOUT EXPORTS TO BRITAIN WOULD BE THE NEXT BEST ALTERNATIVE, ASSUMING THE CONTENT WAS ACCEPTABLE.

4. DURING DISCUSSIONS TODAY WITH STEELE, EMBASSY E/C MINISTER AGAIN UNDERSCORED U.S. CONCERN THAT THE UK NOT TAKE ACTIONS THAT WOULD ADD TO WORLD PROTECTIONIST PRESSURES OR TEND TO DIVERT JAPANESE CAR EXPORTS TO THE U.S.

5. PREMATURELY, SEVERAL MAJOR NEWSPAPERS CARRIED FRONT-PAGE ARTICLES PROCLAIMING THAT JAPAN WILL RESTRICT CAR EXPORTS IN RESPONSE TO BRITISH PRESSURE. THESE ARTICLES

APPEAR TO BE BASED LARGELY ON REMARKS BY A MITI PRESS  
SPOKESMAN IN TOKYO.

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, AUTOMOBILES, ECONOMIC AGREEMENTS  
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**Decaption Date:** 01 jan 1960  
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**Review Event:**  
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